



# OIG HIGHLIGHTS

View Report: [ISP-I-16-02](#).

## What OIG Inspected

OIG inspected the Bureau of International Organization Affairs from April 20 to June 12, 2015.

## What OIG Recommended

The OIG team made 16 recommendations to the Bureau of International Organization Affairs to address program implementation, organization structure, financial management, management controls, and information technology shortcomings.

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October 2015

OFFICE OF INSPECTIONS

Domestic Operations

## Inspection of the Bureau of International Organization Affairs

### What OIG Found

- The Assistant Secretary has taken the lead to expand the Bureau of International Organization Affairs impact in multilateral diplomacy efforts.
- The Bureau of International Organization Affairs efforts to evaluate the \$340 million in foreign assistance voluntary contributions paid to international organizations are insufficient.
- The Bureau of International Organization Affairs ceased payments on its \$26 million tax reimbursement obligations to international organizations while it waited for the issuance of a solicitation for tax professional services to assist with verifying the validity and accuracy of bills submitted for payment.
- Despite efforts to address staffing and organization, the Bureau of International Organization Affairs current organizational structure does not reflect workload increases in some offices or its functional bureau strategy priorities. In addition, responsibility for some functions is dispersed among several offices.
- The Bureau of International Organization Affairs Management Control Program should include all its domestic programs and activities when assessing controls. In addition, aspects of the Bureau of International Organization Affairs performance management, training, and purchase card programs do not comply with Department of State guidelines.
- The Bureau of International Organization Affairs records and file management program does not meet Department standards.
- The Bureau of International Organization Affairs finance software application does not comply with Department of State information security requirements.

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ISP-I-16-02

Office of Inspections

October 2015

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# Inspection of the Bureau of International Organization Affairs

## DOMESTIC OPERATIONS AND SPECIAL REPORTS

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## KEY FINDINGS

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- The Assistant Secretary has taken the lead to expand the Bureau of International Organization Affairs impact in multilateral diplomacy efforts.
- The Bureau of International Organization Affairs efforts to evaluate the \$340 million in foreign assistance voluntary contributions paid to international organizations are insufficient.
- The Bureau of International Organization Affairs ceased payments on its \$26 million tax reimbursement obligations to international organizations while it waited for the issuance of a solicitation for tax professional services to assist with verifying the validity and accuracy of bills submitted for payment.
- Despite efforts to address staffing and organization, the Bureau of International Organization Affairs current organizational structure does not reflect workload increases in some offices or its functional bureau strategy priorities. In addition, responsibility for some functions is dispersed among several offices.
- The Bureau of International Organization Affairs Management Control Program should include all its domestic programs and activities when assessing controls. In addition, aspects of the Bureau of International Organization Affairs performance management, training, and purchase card programs do not comply with Department of State guidelines.
- The Bureau of International Organization Affairs records and file management program does not meet Department standards.
- The Bureau of International Organization Affairs finance software application does not comply with Department of State information security requirements.

## CONTEXT

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The Bureau of International Organization Affairs (IO) is the Department's principal vehicle for coordinating U.S. policy toward multilateral organizations. The bureau develops and executes multilateral policies and initiatives for the U.S. Government within the United Nations (UN), its specialized agencies, and a range of other international bodies.<sup>1</sup> IO works with all elements of the Department, as well as with numerous other U.S. Government and nongovernmental organizations. As demands on UN and other international organizations grow in number, scale, and complexity, IO expects that the needs and importance of international organizations will also increase.

IO's domestic staff comprises 172 employees: 39 Foreign Service positions; 105 Civil Service positions, 1 While Actually Employed employee, 5 detailees, 11 students and other interns, and 11 contractors. Additionally, IO's portfolio includes support to its mission<sup>2</sup> staff of 262 employees: 118 Foreign Service positions, 132 Civil Service positions, and 12 students/interns. In FY 2014, IO managed approximately \$3.5 billion<sup>3</sup> in financial resources, of which \$3 billion is directed to assessed and voluntary contributions to the UN, its agencies, and other international organizations. These contributions fund international organizations, programs, international peacekeeping activities, and core budgets. Additionally, in FY 2014 the bureau managed approximately \$17 million to support the participation of U.S. Government delegations in approximately 450 international conferences.

The bureau was last inspected in 2003.<sup>4</sup> The current inspection focused on how IO carries out its role as the lead bureau in advancing U.S. national interests through multilateral engagement, including issues of peace and security, nuclear nonproliferation, human rights, economic development, climate change, and global health. The organization chart for IO is located in Appendix B.

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<sup>1</sup> Examples of other UN international bodies include the UN Children's Fund, the International Maritime Organization, the Food and Agriculture Organization, the UN Human Rights Council, and the World Health Organization.

<sup>2</sup> IO's U.S. missions to international organizations are located in Geneva, Montreal, Nairobi, New York, Paris, Rome, and Vienna.

<sup>3</sup> The FY 2014 amount does not include carry-over funding.

<sup>4</sup> OIG, *Inspection of the Bureau of International Organization Affairs* (ISP-I-03-33, September 2003).

## LEADERSHIP

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The Assistant Secretary is a noncareer member of the Senior Executive Service. Before coming to IO in September 2014, she held several other high-level positions in the Department and the UN system. Her credo is that “multilateral engagement is a key element to advancing U.S. policy and solving the world’s problems.” Drawing on her previous background and experience, she developed a strategic plan that identifies four principal roles for IO:

- Strengthen the use of coordinated multilateral action to address and manage current varied and complex challenges to international peace and security.
- Advance key U.S. policy priorities through coordinated action in the multilateral system.
- Ensure that international organizations are efficient, effective, and evolving to meet 21<sup>st</sup>-century challenges.
- Orient the bureau’s internal structures to support maximum engagement and coordination throughout the multilateral system.

To support these objectives, IO has taken steps to address its growing workload by filling vacancies, shifting responsibility for portfolios, and using other staffing alternatives—short-tour (“Y-tour”) officers, President Management Fellows, interns—to handle its workload. She has also improved coordination and cooperation between IO and the U.S. Mission to the UN in New York, a sensitive relationship due in part to the fact that the U.S. Mission to the UN Ambassador has cabinet rank, unlike the Assistant Secretary. She and the U.S. Mission to the UN Ambassador consult regularly. IO offices frequently send personnel to the U.S. Mission to the UN both for familiarization and to lend support, thereby helping to build a sense of teamwork and mutual confidence between the organizations. The director of IO’s Office of UN Political Affairs was recently awarded the American Foreign Service Association’s Christian Herter Constructive Dissent Award for his work in suggesting ways to improve the relationship between IO and the U.S. Mission to the UN.

The Assistant Secretary has taken steps to improve issues her management team identified, including internal communication and a bureau-wide tendency toward stovepiping. She is engaging varying groups of bureau staff on a regular basis and is holding staff meetings in IO offices located away from the Harry S Truman building. In addition, she has started to use all-hands meetings to articulate her and Department principals’ priorities for the bureau.

The Principal Deputy Assistant Secretary, a Senior Foreign Service officer, was scheduled to depart the bureau in August 2015 after 2 years in the job. He and the Assistant Secretary established a relationship with a clear division of labor in the 10 months they worked together. This collaboration is evident in staff meetings: the Principal Deputy Assistant Secretary leads the discussion, tasks IO offices or individuals, and reviews bureau operations and objectives in detail, and the Assistant Secretary briefs on key points discussed at the Secretary’s senior staff meeting and provides direction on top-level issues for which the bureau has action responsibility. The Principal Deputy Assistant Secretary has action responsibility for day-to-day bureau operations. He directly oversees 4 of IO’s 11 offices; 3 Deputy Assistant Secretaries oversee the other 7 offices.

## Management of Bureau Taskers

Survey results and interviews with bureau staff highlighted issues with unclear and conflicting front office guidance and short deadlines for bureau taskers. The front office assigns taskers through a SharePoint site. The site, which permits staff to track a tasker's progress, is an improvement over the previous paper-based system. However, in personal questionnaires and interviews, nearly 35 percent of bureau staff members voiced concerns with the management of taskers. Complaints from staff included management stating that papers are too detailed, not detailed enough, lack desired information, or are factually incorrect. The inspection also brought to light staff concerns on late taskings, short deadlines, and slow clearances by bureau principals.

Although stressing its goal to produce high-quality papers, IO leadership acknowledged earlier problems with the management of taskers and has taken some corrective steps, including staff meetings and training sessions. According to 3 Foreign Affairs Handbook (FAH)-2 H-126.2a, managers must take measures to ensure sufficient communication of timely, accurate information across an organization so that the organization can operate efficiently and effectively. IO leadership shared with the inspection team an internal paper intended to further improve the management of its taskers. The dissemination of the paper to all bureau staff may mitigate issues raised about the management of taskers.

**Recommendation 1:** The Bureau of International Organization Affairs should further revise its tasking process and disseminate details to all bureau personnel. (Action: IO)

## Office Morale

On the basis of personal questionnaire responses, IO staff member morale overall was rated as average compared to survey results from the previous 25 OIG domestic bureau inspections. The Office of International Conferences (IO/C), which supports U.S. Government delegations to multilateral conferences, received lower morale scores. In that office, the inspection revealed an atmosphere of mistrust and poor communication among IO/C staff members. The Department's leadership and management principles, as articulated in the Foreign Affairs Manual (FAM), emphasize the importance of communication, collaboration, and managing personal conflict. In IO/C, these have been lacking.

In March 2015, at the office director's request, the Leadership Training Division of the Foreign Service Institute's School of Leadership and Management held an offsite session to address the problems in IO/C. In May, the Office of the Ombudsman began a series of structured interventions intended to assist the office in addressing its problems. Senior managers in IO told the OIG team that they continue to monitor these efforts and pay close attention to the situation.

## Equal Employment Opportunity

The IO bureau has no formal or informal Equal Employment Opportunity complaints filed or in process. The bureau has three counselors in Washington. Awareness and sensitivity to Equal Employment Opportunity issues scored above average on personal questionnaires. OIG did not

find any Equal Employment Opportunity-related problems in discussions with bureau staff members.

## **Organizational Structure**

IO's Functional Bureau Strategy lists as a primary goal to "orient the bureau's internal structures to support active U.S. engagement and coordination throughout the multilateral system." Since the arrival of the Principal Deputy Assistant Secretary in August 2013, IO has filled vacancies and converted four temporary and contractor positions to permanent status. The bureau has requested additional positions in recent budget requests but has received none since 2010. IO has also made adjustments to the portfolios of some offices and front office principals and has changed the names of several offices to more accurately reflect work performed. The front office recognizes that despite its efforts, IO's current organizational structure does not reflect continued workload increases in some offices, nor does it reflect priorities as defined in the functional bureau strategy. In addition, responsibility for some functions is dispersed among several IO offices.

### ***Office of UN Educational, Scientific, and Cultural Organization Too Small To Be A Separate Office***

Seven people staff the Office of UN Educational, Scientific, and Cultural Organization (IO/UNESCO). It is the only bureau office devoted to a single organization. Previously housed in what is now the Office of Specialized and Technical Agencies (IO/STA), it was established as a stand-alone office after the United States rejoined UNESCO in 2003. Its officers help to link the participation of other U.S. Government agencies and private-sector entities to UNESCO activities. Some officers have taken on portfolios that support broader cross-cutting initiatives, such as the UN Global Education First program and the Post-2015 Development Agenda. According to 1 FAM 014.7d(1), an office must have 12 full-time/part-time personnel. Shifting coverage of UNESCO and its issues to another office would allow IO to move some of its resources to offices where it has identified a need for additional personnel.

**Recommendation 2:** The Bureau of International Organization Affairs, in coordination with the Bureau of Human Resources, should eliminate the Office of United Nations Educational, Scientific and Cultural Organization and reprogram the function and appropriate staff needed to support the work into another office. (Action: IO, in coordination with DGHR)

### ***Peacekeeping/Sanctions Staffing Not Keeping Pace with Workload Increase***

The Office of Peace Operations, Sanctions, and Counterterrorism (IO/PSC) is struggling to manage the workload of its personnel, the result of a large increase in the number of UN peacekeeping missions and sanctions regimes without a corresponding shift in staff levels. Since 2003, the number of peacekeeping missions and sanctions regimes has grown from 13 and 7, respectively, to the present-day numbers of 16 and 16. In the meantime, the number of staff members has dropped from 17 to 16, with the sanctions/counterterrorism unit staffed by 2 fewer persons than in 2003. Office management has attempted to cover the increase in workload by using short-tour ("Y-tour") officers, fellows, and interns, but the office's technical

knowledge requirements make these options of limited use. Supervisors have taken on action officer portfolios, thereby reducing the time they have available for managerial responsibilities and for serving as bureau advocates for policy positions at Department meetings. According to the Government Accountability Office's Key Principles for Effective Workforce Planning, strategic workforce planning is a necessary element to align an organization's human capital with its mission and program goals.

**Recommendation 3:** The Bureau of International Organization Affairs, in coordination with the Bureau of Human Resources, should conduct an organizational assessment to match Office of Peace Operations, Sanctions, and Counterterrorism staffing to workload and review the impact of any staffing adjustments on the rest of the bureau. (Action: IO, in coordination with DGHR)

### ***Regional Policy and Coordination Office Mission Unclear To Many***

The mission of the Office of Regional Policy and Coordination (IO/RPC) is not well understood within the bureau or by the rest of the Department, according to personal questionnaires and interviews. IO/RPC was created in 2009 in response to a Quadrennial Diplomacy and Development Review recommendation to serve as a channel between Department regional bureaus and UN and regional organizations. The OIG inspection team found that other IO offices did not understand how IO/RPC supports the bureau's strategic goals, and other Department offices were not aware of how the offices could work together to support Department goals. Current office leadership has attempted to provide clarity on IO/RPC's role by recently renaming the office and reflecting changes in 1 FAM 333.11 to better explain its purpose; however, a lack of clarity remains. Language in 1 FAM 014.1b requires that an organization's mission be identified to achieve objectives and improve service and internal management.

**Recommendation 4:** The Bureau of International Organization Affairs should clarify and disseminate the mission of the Office of Regional Policy and Coordination within the Department of State and revise the Foreign Affairs Manual, if needed, accordingly. (Action: IO)

### ***Consolidate Management of Assessed Contributions***

Guidance in 1 FAM 014.7e states that like functions should be grouped together in an organization. However, in IO the management of assessed contributions to the UN and other international organizations is split between two offices. Management of the Contributions for International Peacekeeping Activities (CIPA) account resides in IO/PSC, although the Office of Management Policy and Resources (IO/MPR) handles management of the Contributions to International Organizations account. IO initially placed the CIPA account position in IO/PSC to facilitate coordination between the CIPA analyst and action officers in IO/PSC managing peacekeeping missions in order to encourage collaboration.

No other employees in IO/PSC have the skills and experience to back up the CIPA account manager. Consequently, in 2014, the Principal Deputy Assistant Secretary appointed the IO/MPR deputy director as the CIPA backup. The CIPA and Contributions to International Organizations managers have the same contacts and attend many of the same meetings with the

Department's Bureau of Budget and Planning, other bureaus, and Congress. Combining the processing of all assessed contributions in IO/MPR would integrate the bureau's budget and financial processes for assessed contributions, streamline coordination within the Department and with other entities, and ensure that CIPA account operations will not be disrupted in the absence of a single employee.

**Recommendation 5:** The Bureau of International Organization Affairs should transfer responsibility for managing the account for assessed contributions to international peacekeeping activities to the Office of Management Policy and Resources. (Action: IO)

### ***Reassign American Citizen Employment Function***

The American Citizen Employment unit is part of IO/MPR. The unit's focus differs from that of the rest of the office and includes public outreach. While IO/MPR manages contributions to and advocates for management reform at UN agencies, American Citizen Employment—a stand-alone unit before it was merged into IO/MPR—promotes the employment of American citizens in international organizations. American Citizen Employment works closely with the Office of Public Affairs, Planning, and Coordination (IO/PPC), whose mandate is to engage with the American public. IO/PPC helped American Citizen Employment enhance its IO Careers.gov Web site and also uses American Citizen Employment materials in its social media campaigns. Language in 1 FAM 014.7e stipulates that elements doing similar work should be grouped together. By reassigning the American Citizen Employment function into IO/PPC, the bureau will make full use of PPC's expertise in public and targeted outreach, strategic engagement, and innovative use of social media tools.

**Recommendation 6:** The Bureau of International Organization Affairs should reassign the American Citizen Employment unit to the Office of Public Affairs, Planning, and Coordination. (Action: IO)

## **POLICY AND PROGRAM IMPLEMENTATION**

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As the Department's principal mechanism for advancing U.S. interests through multilateral diplomacy, IO works with its seven missions to international organizations and a diverse range of U.S. Government agencies and entities to coordinate U.S. positions in multilateral fora. Within the Department, IO works with all regional and many functional bureaus to shape U.S. positions on issues to be negotiated in multilateral organizations.

The inspection revealed that IO's coordination is generally effective. IO mission respondents to OIG surveys expressed satisfaction with the bureau's support, guidance, and collaboration. Its interaction with missions abroad parallels that carried out by regional bureaus with their embassies.

OIG survey results and interviews indicate effective IO cooperation and collaboration with other U.S. Government agencies on matters ranging from international aviation agreements to the response to the Ebola outbreak. Within the Department, tensions occasionally arise between IO

and the regional and functional bureaus on specific issues. IO's perspective is multilateral by definition. (IO's Functional Bureau Strategy notes that it will seize "opportunities to inject multilateral considerations into traditionally bilateral diplomacy.") By contrast, the regional bureaus tend to emphasize a bilateral approach, while the functional bureaus stress the primacy of specific issues. However, the number of problems resulting from this inherent tension that require IO front office involvement is small.

IO identified stovepiping as a bureau weakness. Stovepiped organizations emphasize the vertical flow of information to and from senior managers, rather than encouraging the horizontal sharing of information. OIG interviews generally confirmed that perception. Recognizing the problem, the Assistant Secretary and Principal Deputy Assistant Secretary are addressing it through intensified efforts to improve communication among bureau offices.

### **Evaluation of Foreign Assistance Voluntary Contributions is Insufficient**

The bureau's efforts to evaluate the \$340 million in foreign assistance voluntary contributions paid to international organizations are insufficient. The bureau's Effectiveness Unit in IO/PPC reviews the effectiveness of multilateral organizations that receive U.S. Government funding through its membership in the Multilateral Organization Performance Network—a network of 19 donor countries that assesses the organizational effectiveness of the major multilateral organizations they fund. Although the reports produced by the Multilateral Organization Performance Network provide an assessment of organizational effectiveness, they focus on core budget operations and do not discuss the effectiveness of specific projects. In addition, the Multilateral Organization Performance Network assesses an average of only four organizations per year and limits its universe to large organizations alone.<sup>5</sup>

Furthermore, the Effectiveness Unit does not collaborate with IO/MPR, the office that manages and develops budget requests for the voluntary contributions account, on evaluations of multilateral organizations. Per 18 FAM 301.1-2(A)(a), bureaus are encouraged to conduct evaluations of programs and projects to improve program effectiveness and inform decision makers about current and future activities. In FY 2014, to increase accountability for voluntary contributions and better inform the decision makers who finalize budget allocations, IO/MPR implemented an Annual Performance and Budget Review. The review includes IO/MPR surveys of international organizations' goals, results achieved, and financial management of resources, but because of limited resources in IO/MPR, the organizations self-report the information. The evaluation of voluntary contribution funds is essential to the Department's ability to monitor performance, measure results, make budgetary decisions, and ensure accountability to U.S. tax payers.

**Recommendation 7:** The Bureau of International Organization Affairs should conduct comprehensive evaluations of foreign assistance voluntary contributions paid to international organizations. (Action: IO)

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<sup>5</sup> In FY 2015, IO paid voluntary contributions to 25 international organizations.

## COUNTERING THE ISLAMIC STATE OF IRAQ AND THE LEVANT

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On September 10, 2014, President Obama announced a whole-of-government strategy to degrade and ultimately destroy the Islamic State of Iraq and the Levant (ISIL). The U.S. focus, in coordination with a coalition of more than 60 other countries, is increasing support to Iraqi forces fighting ISIL on the ground, providing train-and-equip assistance to the moderate Syrian opposition, and strengthening regional partners in the Middle East. On September 16, 2014, the President named a Special Presidential Envoy for the Global Coalition to Counter ISIL.

IO does not have a lead role in coordinating ISIL-related activities in the Department and allocates no funds to the effort. IO does, however, provide consultative support in a number of ways. IO offices participate in U.S. Government working groups on the various lines of effort. The IO staff coordinates with other U.S. Government agencies in developing policy positions on ISIL-related activities. IO staff members have participated in the Anti-ISIL Coalition Working group on short-term assignments.

## RECORDS MANAGEMENT

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The bureau does not have an active program for managing its records. A review of the document libraries and interviews with key stakeholders revealed a varied and unorganized record and file storage system. The program's inactivity results from a lack of guidance and attention by IO management. In order to comply with 5 FAH-4 H-312 and 5 FAM 414.4, IO must establish guidance and procedures to ensure that the management of the bureau's files is in conformance with Department policy.<sup>6</sup> Without an active records management program, IO cannot ensure that a complete record of official actions is available.

The management of IO's electronic record and file storage system does not comply with the Department's standards. The system's technical infrastructure, which includes the shared network drives and SharePoint libraries, is in compliance but the management of its content is not. OIG team reviews revealed inconsistent or nonexistent naming conventions, miscellaneous files not organized within folders and shared document libraries that have not been updated in more than 8 years. No standard operating procedures exist for managing the content of electronic file storage systems. Per guidance from the Bureau of Administration and 5 FAH-4 218, bureaus and offices should establish internal standard operating procedures governing the maintenance, access, and trustworthiness of files and records stored on electronic storage systems. A poorly managed electronic record and file storage system increases the risk of losing institutional knowledge and could potentially create an inability to locate and retrieve documents necessary to support bureau operations.

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<sup>6</sup> OIG, *Review of State Messaging and Archive Retrieval Toolset and Record Email* (ISP-I-15-15, March 2015).

**Recommendation 8:** The Bureau of International Organization Affairs, in coordination with the Bureau of Administration, should establish and disseminate records management guidelines outlining standards for maintaining paper and electronic files and records, including guidance on reviewing the records systems and the application of disposition schedules. (Action: IO, in coordination with A)

## MANAGEMENT ISSUES

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The Joint Executive Office supports the Bureau of European and Eurasian Affairs and provides management support to IO. IO is the smaller of the two bureaus that the executive office supports. OIG inspected the Joint Executive Office as part of the FY 2011 inspection of the Bureau of European and Eurasian Affairs; therefore, the inspection team reviewed only those issues specific to IO.

### Air Quality Concerns

During the inspection, concerns about the air quality in one IO office were expressed in personal questionnaires and during interviews. These concerns surfaced after a few IO offices at Department headquarters were renovated in 2012. In response, the Principal Deputy Assistant Secretary consulted with the Joint Executive Office and the Bureau of Administration. The quality of the air in IO offices was tested four separate times between October 2012 and August 2014 and met established standards. Additional testing of the heating, ventilation, and air conditioning units, conducted in April 2015, also produced acceptable results. The Joint Executive Office and the IO front office management have shown attention to the matter and intend to retest and correct any problems.

### Management Controls

#### *Statement of Assurance Does Not Include All Domestic Programs and Activities*

The FY 2014 Assistant Secretary's Management Controls Statement of Assurance identified no material weaknesses or significant deficiencies in the bureau's management controls system. However, the OIG team found that the Joint Executive Office did not include all the bureau's domestic programs and activities in its analysis. The Joint Executive Office acknowledges this deficiency and is working with the front office to resolve it. Guidance from the Bureau of the Comptroller and Global Financial Services and in 2 FAM 022.8c mentions the requirement to include all programs, operational, and financial activities in a bureau's annual assessment. Without evaluating all elements that comprise management controls for a bureau, deficiencies could go undetected and unreported.

**Recommendation 9:** The Bureau of International Organization Affairs should seek and implement guidance from the Bureau of the Comptroller and Global Financial Services on how to assess internal controls over all its domestic programs for its annual Management Control Statement of Assurance. (Action: IO)

### ***Civil Service and Foreign Service Performance Reviews Are Delinquent***

Despite the efforts of the Joint Executive Office, IO supervisors and managers are late in completing 2014 midyear and annual performance reviews, as well as related 2015 performance requirements for their Civil Service and Foreign Service employees. For Civil Service employees, IO management did not complete 59 percent (42 out of 71) of midyear reviews and 82 percent (59 out of 72) of performance appraisals by the dates required in 3 FAM 2813, 2823.2a, and 2826.1b. Because of the incomplete appraisals, 2015 individual performance plans for Civil Service employees had not been completed at the time of the inspection. For Foreign Service employees, IO management did not complete 19 percent (7 out of 36) of employee evaluations by the date required in 3 FAH-1 H-2814.1b. IO senior management has not shown adequate attention to this matter. Failure to provide employees with midyear and annual assessments of their performance deprives employees of feedback on their performance and professional development and affects both individual morale and career advancement.

**Recommendation 10:** The Bureau of International Organization Affairs should complete all remaining performance plans and midyear reviews, performance appraisals, and performance plans for its Civil Service employees as well as employee evaluations for Foreign Service employees, in accordance with Department of State guidance. (Action: IO)

### ***Employees Have Not Completed Mandatory Training***

Bureau supervisors and managers have not completed mandatory leadership and management training and Equal Employment Opportunity/diversity training, as required by 13 FAM 300. For example, 30 employees have not taken leadership training commensurate with their grade. Further, 26 employees are not current with Equal Employment Opportunity training, and 41 employees have not taken training on how to identify and handle personally identifiable information. The Joint Executive Office monitors and reports training statistics to IO staff every 6 months. However, management has not enforced the attendance and completion of training for its employees. In addition to noncompliance with the FAM, failure to complete mandatory training risks creating a negative impact on employee development and performance and bureau effectiveness.

**Recommendation 11:** The Bureau of International Organization Affairs should enforce the attendance and completion of the Department of State's mandatory training. (Action: IO)

### ***Purchase Card Program Lacks Required Internal Control***

In FY 2014, for IO, the Joint Executive Office executed 183 purchase card transactions at a value of approximately \$194,000. Inspectors reviewed 33 transactions totaling \$107,000. Generally, no authorized approving official approves purchase card actions in advance as required by the Department's SmartPay2 Worldwide Purchase Card Program Manual. Midlevel employees in the Joint Executive Office approve purchases in lieu of a designated approving official, although the Department has not authorized midlevel employees to assume the responsibility and many have not taken requisite training, as outlined in the manual. The Department's SmartPay2 Worldwide Purchase Card Program Manual provides guidance on transaction authorization responsibilities.

Failure to implement internal controls increases the risk of loss and inaccurate financial reporting.

**Recommendation 12:** The Bureau of International Organization Affairs should enforce required approving procedures for purchase card transactions. (Action: IO)

## RESOURCE MANAGEMENT

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### Bureau of International Organization Affairs Staffing

U.S. Staff -- Domestic ( <i>authorized</i> )	Foreign Service	Civil Service	3161	WAE	Detailees	Students/ Interns	Contractor/PSC (full-time, on board)	Total
	39	105	0	1	5	1 Paid/ 10 Unpaid	11	172
USUN	37	132						169
U.S. Staff – Overseas	81					12 Unpaid		93
								434

## Resources Controlled by Bureau of International Organization Affairs (in thousands)\*

Funding Description	Amount
Diplomatic & Consular Programs, Bureau-Managed	\$27,968
Public Diplomacy, Bureau-Managed	\$1,966
Office of International Conferences	\$17,149
Overseas Representation	\$183
Contributions to International Organizations	\$1,340,162
Contributions for International Peacekeeping Activities	\$1,765,419
International Organizations and Programs	\$339,720
Domestic Representation (K Fund)	\$15
International Conferences Representation (K Fund)	\$18
<b>Total:</b>	<b>\$3,492,600**</b>

\*As reported in the FY 2016 Congressional Budget Justification—except K Fund representation, which is based on actual expenditures

\*\*The FY 2014 amount does not include carry-over funding.

## Financial Management

In FY 2014, IO executed approximately \$3.5 billion in funding. Assessed contributions (that is, contributions that the United States is congressionally mandated to fund) made up 89 percent of the bureau's total funding, with approximately \$1.8 billion paid to international peacekeeping activities and \$1.3 billion paid to 44 international organizations, including the UN. Approximately \$340 million, slightly less than 10 percent of IO's total budget, funded voluntary foreign assistance contributions to multilateral organizations and activities. The remaining funds were used for international conferences, diplomatic engagement, and public diplomacy.

Funds and account management are dispersed throughout the bureau. As noted, IO/MPR manages the Contributions to International Organizations assessed contributions account and the International Organizations and Programs foreign assistance voluntary contributions account. IO/PSC manages the CIPA account. IO/C manages the conference accounts and an overseas representation account used to provide funds for U.S. delegations. The IO front office manages a separate domestic representation account. The Joint Executive Office executes funding for all but IO/C, which operates from a mandate<sup>7</sup> separate from the rest of the bureau and has historically managed and executed its own accounts.

### *Pledging of Foreign Assistance Voluntary Contributions is Delayed*

As of May 2015, the bureau had not obligated any voluntary contributions to international organizations for FY 2015. At the end of FY 2014, voluntary contributions were still being

<sup>7</sup> The UN Participation Act of 1945 provides for the appointment of representatives of the United States in the organizations and agencies of the UN, and to make other provision with respect to the participation of the United States in such organization.

obligated at midnight on the last day of the fiscal year. A new mandate in the Consolidated Appropriations Act of 2014 that required the Department to certify that UN organizations receiving U.S. contributions adhere to best practices for the protection of whistleblowers and publicly reporting financial audits, caused delays in the pledging process. Congress passed the Consolidated Appropriations Act in January 2014, after which the bureau was required to interpret the requirement, develop and analyze data calls, develop and submit the FY 2014 report through the Department's internal clearance process, and submit the report to Congress. These actions had to be completed before the bureau could obligate any funds. Further, in FY 2015, the bureau had to revise the data calls in response to a December 2014 change in the legislation's reporting requirements. As of June 2015, the FY 2015 report was still in draft and awaiting Department approval. The bureau is proposing changes to the report, with a view to streamlining and simplifying the process.

### *Tax Reimbursement Payments are On Hold*

The model used to verify tax reimbursement claims is outdated, and the IO staff has no tax professionals to verify the validity and accuracy of bills submitted for payment. As a result, in FY 2014, the bureau stopped making payments on its \$26-million tax reimbursement obligations to the UN and other international organizations.

In accordance with a 1946 agreement<sup>8</sup> and subsequent agreements, U.S. citizens who work for the UN and approximately 30 other international organizations are exempt from paying U.S. taxes. However, because the U.S. tax code does not allow for such an exemption, the UN and other organizations reimburse U.S. citizens for the U.S. taxes deducted from their salaries and benefits, and IO reimburses these entities. Verifying the accuracy of payments is required under 4 FAH-3 H-433 before payments can be made.

The bureau coordinated with the Bureau of Administration, Office of Acquisitions Management, on issuing a solicitation for a tax professional to review and analyze tax reimbursement agreements, review the claims reimbursement process, and recommend options for managing claims reimbursement. However, the Bureau of Administration had not issued the solicitation at the time of the onsite inspection because of ongoing discussions with IO/MPR about the scope and nature of the work to be performed by the tax professional. The bureau also consulted with the Department of the Treasury and the Internal Revenue Service on how to correctly manage these reimbursements. IO's FY 2016 Congressional Budget Justification estimates that tax reimbursements due to organizations are approximately \$27 million, which if not paid, will be recorded as an unliquidated obligation in the Department's accounting records. Since the completion of the inspection, the bureau has issued a solicitation and a tax consultant has begun necessary work.

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<sup>8</sup> Convention on the Privileges and Immunities of the UN, Adopted by the General Assembly of the UN on February 13, 1946.

### ***Domestic Representation Account Lacks Separation of Duties***

Since 1994, one employee manages the bureau's approximately \$15,000 domestic representation account and is responsible for signing reimbursement checks and reconciling the account. According to 4 FAM 042(1), separation of duties is required between employees collecting receipts or having custody of cash or negotiable securities and those assigned to duties of maintenance or reconciliation of related accounting records. Separation of duties is essential for effective management controls.

**Recommendation 13:** The Bureau of International Organization Affairs should establish separation of duties for the domestic representation account. (Action: IO)

### ***Lack of Collaboration between the Financial Management Section and IO Offices***

The Financial Management Section of the Joint Executive Office and IO/MPR do not hold regular, formal meetings to discuss the contributions accounts. They rely instead on ad hoc phone calls and emails. Weekly meetings stopped taking place when IO/MPR moved to a different office building but were reinstated during the course of the inspection.

In addition, the Financial Management Section did not regularly share the status of funds with IO allotment holders and instead provided them only when requested. According to 4 FAM 086(c), each allottee and allowance holder should be provided status of funds and status of obligation reports at least monthly, showing obligations and expenditures incurred. During the course of the inspection, the Financial Management Section developed a SharePoint site for status of funds and other financial information that will be shared with IO.

## **INFORMATION TECHNOLOGY**

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IO receives its information management support from two providers. The Information Management Section of the Joint Executive Office provides support for operational activities involving local area network systems, application development and maintenance, mobile device management, video conferencing, and bureau SharePoint sites. The Bureau of Information Resource Management provides telecommunication and end-user desktop support. Information security oversight is handled by a bureau-appointed Information Systems Security Officer in the Joint Executive Office's Information Management Section and the Bureau of Information Resource Management's Security Management Branch. The Information Management Section provides the necessary support to facilitate and enable IO's day-to-day operations. OIG questionnaires and survey materials indicate overall satisfaction with the IT services that the Information Management Section provides to the bureau.

### **IO Finance Application Not in Compliance with Department Information Security Requirements**

The IO software application known as IO Finance has not undergone the required assessment and authorization process. The application underwent the required Federal Information

Processing Standards security categorization process and received a potential impact rating of moderate.<sup>9</sup> The Information Management Section also registered the application in the Department's information technology portfolio management tool, as required. However, IO Finance has not gone through the assessment and authorization process, which is an analysis of an information system's security controls, followed by official authorization by the Chief Information Officer, allowing the information system to operate on the Department's network. The Information Management Section is aware of the assessment and authorization requirement but has failed to complete the process. According to 12 FAH-10 H-312.1-1, information systems that receive a potential impact rating of moderate or higher must employ an independent assessor to conduct a security control review and then provide the results to the Bureau of Information Resource Management in writing. Failure to do so risks the confidentiality, integrity, and availability of the Department's network and the data that it stores and processes.

**Recommendation 14:** The Bureau of International Organization Affairs should complete the assessment and authorization process for its finance application. (Action: IO)

### **Incorrect Billing for Telecommunication, Wireless, and Data Services**

The Bureau of Information Resource Management's Telecommunications, Wireless, and Data Services Division provides IO with domestic voice and data communication network services. The Bureau of Information Resource Management's Working Capital Fund office handles billing for the services. The Joint Executive Office receives a monthly bill with charges related to Telecommunications, Wireless, and Data services that were provided for the past month. The process for billing for these services creates unnecessary challenges for the Information Management Section in the Joint Executive Office.

The inspection revealed that the monthly bills for Telecommunications, Wireless, and Data services regularly contain erroneous and duplicative charges. The OIG team uncovered recurring instances of the bureau being charged twice for the same service, being charged the wrong amounts for services, and having data services shut off without request, only to be billed when the services are restored. The Information Management section must spend additional time working with Telecommunications, Wireless, and Data services and the Working Capital Fund office to correct any billing and service-related errors. The extra work reduces the amount of time that the Information Management Section has to support IO. Telecommunications, Wireless, and Data services and the Working Capital Fund office both acknowledge mistakes in billing and are currently working on an automated process to help reduce errors.

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<sup>9</sup> The Federal Information Processing Standards 199 definition of Moderate - The loss of confidentiality, integrity, or availability could be expected to have a serious adverse effect on organizational operations, organizational assets, or individuals.

## Server Maintenance Logs Are Not Maintained

The Information Management Section in the Joint Executive Office is not maintaining system maintenance logs for IO's application servers. System administrators perform server maintenance, but they have not incorporated system maintenance logging into their standard operating procedures. In order to comply with 12 FAM 622.5(a)(5), the bureau's Information System Security Officer must maintain maintenance logs for at least 6 months. Logging system maintenance provides a full understanding of the network infrastructure when troubleshooting issues.

**Recommendation 15:** The Bureau of International Organization Affairs should maintain, as required, system maintenance logs for all its information technology systems. (Action: IO)

## Project Management Needs Improvement

IO's IT project managers do not consistently provide status updates for IT projects to bureau office directors according to staff interviews. The Joint Executive Office discusses and adjusts project status and priorities at a monthly meeting. Those results are then briefed to the IO principal assistant deputy secretary. However, IO IT project managers do not disseminate to all key stakeholders the changes and adjustments that result from the monthly meetings. According to 5 FAM 617.2(b)(11), the project manager must keep executive management abreast of a project's status. This ineffective process for communicating project status to key stakeholders in a timely manner increases the risk of project delays, scoping errors, and budget overruns.

**Recommendation 16:** The Bureau of International Organization Affairs should disseminate the results of monthly information technology project priority meetings to the bureau's office directors. (Action: IO)

## SECURITY AND EMERGENCY PREPAREDNESS

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The bureau Security Officer is a Civil Service employee from the Bureau of Diplomatic Security, located in the Joint Executive Office, who provides oversight for both IO and the Bureau of European and Eurasian Affairs. Primary and alternate unit security officers in each of IO's 11 offices assist him. The OIG team found no major concerns regarding access control, procedural security, or security training for IO.

### Bureau Emergency Action Plan Needs Certification

The bureau emergency action plan for IO has not been certified since 2009. The Office of Emergency Management has not reminded IO to submit a certification page, and IO assumed this requirement was dropped when emergency action plans began to be electronically submitted in 2011. According to 6 FAM 416.1(4), the domestic emergency management program responsibility of each assistant secretary or equivalent includes reviewing, updating, and certifying the bureau emergency action plan annually and providing the Office of Emergency Management a copy of the certification page. The bureau's readiness to respond

effectively during an emergency depends on frequent updates and leadership certification of its emergency action plan. At the end of the inspection, the Assistant Secretary signed the bureau emergency action plan.

## RECOMMENDATIONS

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**Recommendation 1:** The Bureau of International Organization Affairs should further revise its tasking process and disseminate details to all bureau personnel. (Action: IO)

**Recommendation 2:** The Bureau of International Organization Affairs, in coordination with the Bureau of Human Resources, should eliminate the Office of United Nations Educational, Scientific and Cultural Organization and reprogram the function and appropriate staff needed to support the work into another office. (Action: IO, in coordination with DGHR)

**Recommendation 3:** The Bureau of International Organization Affairs, in coordination with the Bureau of Human Resources, should conduct an organizational assessment to match Office of Peace Operations, Sanctions, and Counterterrorism staffing to workload and review the impact of any staffing adjustments on the rest of the bureau. (Action: IO, in coordination with DGHR)

**Recommendation 4:** The Bureau of International Organization Affairs should clarify and disseminate the mission of the Office of Regional Policy and Coordination within the Department of State and revise the Foreign Affairs Manual, if needed, accordingly. (Action: IO)

**Recommendation 5:** The Bureau of International Organization Affairs should transfer responsibility for managing the account for assessed contributions to international peacekeeping activities to the Office of Management Policy and Resources. (Action: IO)

**Recommendation 6:** The Bureau of International Organization Affairs should reassign the American Citizen Employment unit to the Office of Public Affairs, Planning, and Coordination. (Action: IO)

**Recommendation 7:** The Bureau of International Organization Affairs should conduct comprehensive evaluations of foreign assistance voluntary contributions paid to international organizations. (Action: IO)

**Recommendation 8:** The Bureau of International Organization Affairs, in coordination with the Bureau of Administration, should establish and disseminate records management guidelines outlining standards for maintaining paper and electronic files and records, including guidance on reviewing the records systems and the application of disposition schedules. (Action: IO, in coordination with A)

**Recommendation 9:** The Bureau of International Organization Affairs should seek and implement guidance from the Bureau of the Comptroller and Global Financial Services on how to assess internal controls over all its domestic programs for its annual Management Control Statement of Assurance. (Action: IO)

**Recommendation 10:** The Bureau of International Organization Affairs should complete all remaining performance plans and midyear reviews, performance appraisals, and

performance plans for its Civil Service employees as well as employee evaluations for Foreign Service employees, in accordance with Department of State guidance. (Action: IO)

**Recommendation 11:** The Bureau of International Organization Affairs should enforce the attendance and completion of the Department of State's mandatory training. (Action: IO)

**Recommendation 12:** The Bureau of International Organization Affairs should enforce required approving procedures for purchase card transactions. (Action: IO)

**Recommendation 13:** The Bureau of International Organization Affairs should establish separation of duties for the domestic representation account. (Action: IO)

**Recommendation 14:** The Bureau of International Organization Affairs should complete the assessment and authorization process for its finance application. (Action: IO)

**Recommendation 15:** The Bureau of International Organization Affairs should maintain, as required, system maintenance logs for all its information technology systems. (Action: IO)

**Recommendation 16:** The Bureau of International Organization Affairs should disseminate the results of monthly information technology project priority meetings to the bureau's office directors. (Action: IO)

## PRINCIPAL OFFICIALS

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Title	Name	Arrival Date
<b>Front Office:</b>		
Assistant Secretary	Bathsheba Crocker	09/14
Principal Deputy Assistant Secretary	Theodore Allegra	08/13
Deputy Assistant Secretary	Erin Barclay	02/15
Deputy Assistant Secretary	Nerissa Cook	07/09
Deputy Assistant Secretary	Victoria Holt	08/09
<b>Office Directors:</b>		
Office of International Conferences	Theodore Lyng	08/14
Executive Office	Heather Townsend	03/15
Office of Management Policy and Resources	Maria Longi	02/14
Office of Public Affairs, Planning, and Coordination	Mark Schlachter	08/11
Office of Peace Operations, Sanctions, and Counterterrorism	Douglas Jones	01/15
Office of UN Political Affairs	Thomas Duffy	08/12
Office of Economic and Development Affairs	Stephen O'Dowd	07/13
Office of Specialized and Technical Agencies	Robert Faucher	09/13
Office of UN Educational, Scientific, and Cultural Organization	Kelly Siekman	07/09
Office of Human Rights and Humanitarian Affairs	William Mozdzierz	08/14
Office of Regional Policy and Coordination	Maria Germano (Acting)	03/15

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

### Purpose and Scope

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

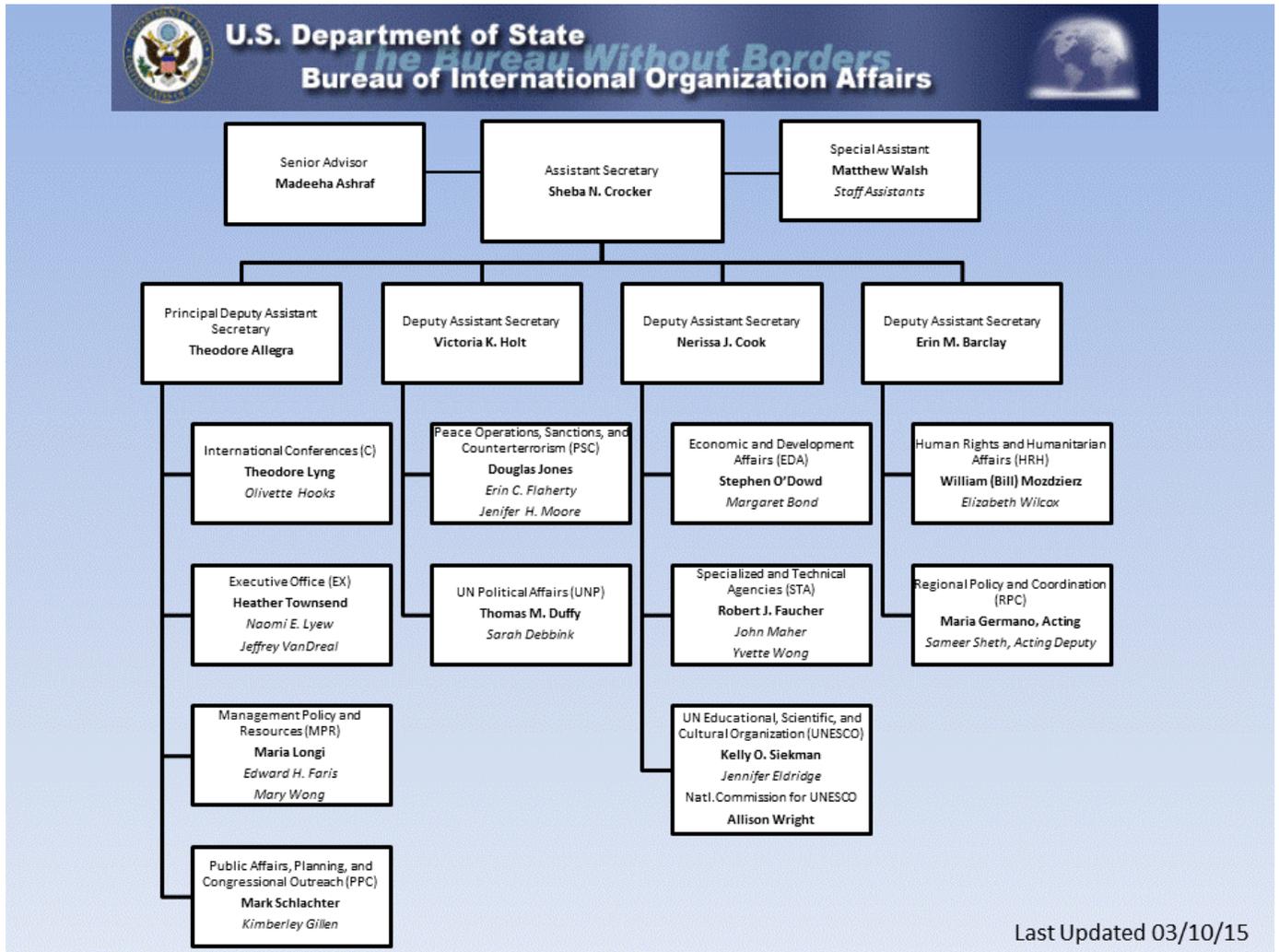
- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

### Methodology

In conducting inspections, the inspectors review pertinent records; as appropriate, circulate, review, and compile the results of survey instruments; conduct on-site interviews; and review the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by the review.

For this inspection, the OIG team conducted approximately 73 interviews in the survey phase and 228 interviews in the inspection phase (some people were interviewed more than once). The team also reviewed 147 personal questionnaires, 8 field surveys, and more than 500 documents.

APPENDIX B : IO ORGANIZATION CHART



Source: IO

## ABBREVIATIONS

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CIPA	Contributions for International Peacekeeping Activities
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
IO	Bureau of International Organization Affairs
IO/C	Office of International Conferences
IO/MPR	Office of Management Policy and Resources
IO/PPC	Office of Public Affairs, Planning, and Coordination
IO/PSC	Office of Peace Operations, Sanctions and Counterterrorism
IO/RPC	Office of Regional Policy and Coordination
IO/STA	Office of Specialized and Technical Agencies
IO/UNESCO	Office of United Nations Educational, Scientific, and Cultural Organization
ISIL	Islamic State of Iraq and the Levant
UN	United Nations

## OIG INSPECTION TEAM MEMBERS

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Ambassador Robert M. Beecroft, Team Leader

Vandana Patel, Deputy Team Leader

Brett Fegley

Mark Jacobs

Richard Jones

Brian Mohler

Shawn O'Reilly

Lisa Piascik

Iris Rosenfeld

Alex Vega

Joyce Wong



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